VIA ELECTRONIC SUBMISSION

Michael S. Selig
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Comments on Event Contracts and Prediction Markets

Dear Chairman Selig:

ATP Tour, Inc. ("ATP") appreciates the opportunity to submit these comments in response to the Commodity Futures Trading Commission's ("Commission") Advanced Notice of Proposed Rulemaking ("ANPRM") addressing the listing and trading of event contracts in Commission-regulated markets.

Anti-Corruption in Tennis

ATP is a governing body of men's professional tennis. It organizes and administers the ATP Tour and ATP Challenger Tour, which together comprise more than 250 men's professional tennis tournaments annually in over 50 countries. As such, ATP has a fundamental obligation to protect the integrity of its competitions, safeguard athletes and other tennis personnel, and preserve public confidence in the fairness and legitimacy of the sport. Like other sports leagues and governing bodies, ATP maintains strict internal rules and procedures to protect sports integrity. ATP is also a member of the International Tennis Integrity Agency ("ITIA"), an independent body established by a group of tennis governing bodies (ATP, WTA, ITF and the Grand Slams) to promote and safeguard the integrity of professional tennis worldwide. ITIA administers the Tennis Anti-Corruption Program ("TACP"), which establishes comprehensive prohibitions on betting-related misconduct, match manipulation, misuse of inside information, and related activity. ITIA and its members have established a set of guidelines for mitigating integrity risks that arise when official data is licensed to the betting market. These guidelines include requiring all recipients of official tennis data in the betting market to share information with ITIA relating to activities that are prohibited under the TACP.

From ATP's perspective, prediction markets allow customers to stake money on the outcomes of sporting events in a manner that closely resembles state-regulated sports betting and raise similar integrity and consumer protection concerns. Like state-regulated sports betting, prediction markets create incentives for individuals to manipulate sporting events and exploit non-public information, and both present risks of consumer harm.

At the state level, robust regulatory frameworks govern sports betting and have proven effective in safeguarding competition integrity and protecting consumers. Federally regulated prediction markets should be subject to comparable regulatory frameworks and should be encouraged and enabled to adhere to the existing integrity frameworks that individual sports have carefully designed to mitigate the risks associated with staking money on the outcome of sports events.

Summary of Recommendations

In brief, ATP requests that the Commission implement the following measures in forthcoming rulemaking relating to event contracts and prediction markets:

- Require prediction markets to collect and maintain sufficient trader information to identify traders and any affiliations with professional sports leagues or athletes;
- Require prediction markets to support and cooperate with parallel sports integrity investigations, including through the sharing of relevant information with sports leagues and governing bodies;
- Clearly define and restrict categories of sports-related event contracts that are readily susceptible to manipulation;
- Require sports-related event contracts to settle exclusively based on official league data; and
- Subject prediction markets to consumer protection and responsible trading obligations similar to those applicable to state-regulated sports betting.

Information Collection

Robust know-your-customer requirements are essential to detecting misconduct and enforcing prohibited trader rules. Prediction markets should be required to collect sufficient information to

reliably identify each trader. In addition, prediction markets should be required to collect information sufficient to determine whether a trader is employed by or affiliated with a professional sports league or athlete and thus may have access to non-public sports-related information. Similarly, prediction markets should be required to work with leagues and governing bodies to maintain and enforce lists of restricted traders, including athletes, officials, referees, and other persons likely to have access to non-public sports-related information.

Information Sharing and Cooperation

The Commission's regulations should encourage cooperation between prediction markets and sports leagues, including by expressly requiring prediction markets to cooperate with integrity investigations conducted by leagues and governing bodies. Among other things, Commission rules should allow prediction markets to share information with sports leagues and governing bodies relating to suspicious trading activity, including where necessary account holder information and associated account-level and transaction-level data.

Contracts Readily Susceptible to Manipulation

The Commission has previously recognized that contracts based on the actions of a single individual or a small group may present a heightened risk of manipulation. While tennis matches involve a limited number of participants, ATP does not believe that match-outcome contracts are inherently susceptible to manipulation due to the effectiveness of existing controls, including the TACP.

Certain categories of contracts, however, present materially greater risks of manipulation. These include contracts tied to player injuries, officiating decisions, in-match conditions such as serve speeds, and other proposition bets. Betting operators, who are betting against their users, are naturally incentivized to set limits on higher risk bets to reduce their exposure and the risk of manipulation. Prediction markets, in contrast, earn commission regardless of the outcome of the event and are not incentivized to impose trading limits in the same way. To reduce the risk of manipulation, leagues and governing bodies should have the ability to restrict higher risk proposition contracts (for instance, through mandatory account-based trading limits). In addition, contracts identified as presenting heightened manipulation risks should be ineligible for self-certification and instead require full Commission review informed by input from leagues and governing bodies.

Official Data and Settlement Integrity

Settlement of event contracts based on unofficial data creates risks of delay, inconsistency, and inaccuracy. Discrepancies between unofficial and official data sources may also allow traders with real-time access to events to exploit settlement processes—for example, by making trades after an event has occurred, but before the exchange has received notice of the outcome. To alleviate these issues, in the absence of a regulatory framework that mirrors current sports betting integrity frameworks, all sports-related event contracts should be required to settle exclusively based on official league data, and prediction markets should be obligated to obtain a data license from the relevant leagues and/or governing bodies before being allowed to offer trading on sports event contracts. This requirement would align prediction markets with best practices in regulated sports betting and would materially reduce settlement integrity risks.

Consumer Protection and Responsible Trading

Prediction markets should be subject to consumer protection standards equivalent to those imposed on state-regulated sports betting platforms. These protections should include clear disclosures, advertising restrictions—including restrictions on targeting minors and other vulnerable people—and harm-reduction measures. Prediction markets should also be required to provide accessible resources addressing responsible trading, addiction risks, and consumer education.

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ATP appreciates the Commission's thoughtful engagement with these important issues. ATP welcomes the opportunity for continued dialogue and stands ready to provide further expertise as the rulemaking process proceeds.

Respectfully submitted,

DocuSigned by:
Mark Young
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Mark V. Young
Chief Legal & Administrative Officer
ATP Tour, Inc.